

A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 330 WEST 42nd ST., NEW YORK, N. Y.

NOVEMBER 20, 1937

OFFICE MANAGEMENT CONFERENCE DECLARED OUTSTANDING SUCCESS

Office managers and personnel executives of leading concerns came from all sections of the country on October 21-22 to attend the American Management Association's greatest office management conference.

More than 500 executives attended the four sessions on office trends, personnel practices, procedures, and environment, thus making the meeting the largest of its kind in the history of the Association.

Office managers indicated clearly that they look for improvement in office practices through a standardization of procedures, improved personnel methods, and better office environment.

Watching Developments

One of the significant developments at the sessions was the keen interest that the office executives took in the subject of environment. I. O. Royse, Manager of Office Production, the Ralston Purina Company, who presented the first paper at the conference, declared that office managers are watching practical results in this field and are anxious to adapt any new findings to the office.

At the session on office personnel practice, there was much general discussion on such subjects as the selection, rating, and paying of employees. Rating was recommended to the registrants by Edward N. Hay, Personnel Officer of The Pennsylvania Company, as a useful instrument, not only for recording employee performance, but as an aid to employee correction and self-improvement.

"Careful instruction and practice in rating probably does as much for foremen and higher supervisors in gaining insight into the best ways of dealing with subordinates as any other device," Mr. Hay said.

The conference emphasized the advantages of a meeting technique that is somewhat new to AMA; namely, the use of motion pictures, slides, and demonstrating apparatus. This technique was applied during the final session, which was devoted to studies of noise, weather, illumination, and motion economy. Since this was undoubtedly one of the most interesting sessions of any AMA conference, it has been planned to continue the use of such visual presentations in future meetings.

Speakers who used these devices stated that they had found them of great help in getting their messages to the audience, especially in instances where a particular method or operation was being described.

Echoes

Orchids were plentiful after the meeting. Several companies wrote the Association congratulating it on the excellence of the program.

We quote from a typical letter: "This was one of the best conferences that the American Management Association has conducted to date. It was eminently practical and worthwhile to all who attended."

Another correspondent declared: "The conferences of the AMA seem to become better each year and more indispensable to company executives."

Registrants at the meeting, it was authoritatively learned, spent their evenings at the Business Show, which was held concurrently with the AMA conference. It was also intimated that at least two members visited the Hayden Planetarium and got an eyeful of stars.

Personnel Conference on February 15-16-17

The Personnel and Industrial Relations Conference of the AMA will be held on February 15, 16, 17, 1938, it was announced this week by Thomas G. Spates, Director of Industrial Relations of the General Foods Corporation and Vice President in charge of AMA's Personnel Division.

A meeting of the planning group for the conference will be held on November 23 at 330 West 42nd Street. While no definite subjects have been decided upon for the meeting, informal group discussions in recent months have indicated a desire for further study of basic labor relations.

The committee now laying the groundwork for this meeting is anxious to have the cooperation of the general membership. Every member is therefore invited to send in suggestions for topics to be discussed and for likely speakers.

Personnel, AMA Quarterly, Brought Out in New Dress

November Issue Revamped for Better Appearance and Readability

Continuing the revamping program which it initiated some time ago, the Association this month issues its quarterly magazine, PERSONNEL, in a distinctive new format. When your copy reaches you, you will find that the cover has been printed on white paper in two colors and that the inside pages have been redesigned for increased readability.

The designer was Henry Bonar, of 425 Fifth Avenue, New York City, a color and typographical specialist, who is known to AMA through his packaging activities.

The contents of this issue of PERSONNEL are exceptionally valuable because of their authentic and varied character. Attention is called particularly to an article by Harold B. Bergen, of McKinsey, Wellington & Company, which outlines a basic program of industrial relations. Included also among numerous other articles in the November issue are surveys of company overtime practices and recent labor literature.

Office Management Proceedings

The printed proceedings of the recent Office Management Conference are now being edited by the speakers who presented papers and by the AMA editorial staff. It is expected that they will be ready for distribution in about two weeks. The various papers will probably be divided into five pamphlets: Office Trends; Office Personnel Practice; Standardizing Office Procedures; Environmental Influences and Office Efficiency; and Time and Motion Study in the Office.

These reports will continue the Association's practical "handbook" of office management literature. Members are strongly urged to make sure that the earlier office management publications are in their libraries. They should have in particular the following: Organizing for Sound Office Management (O.M. 73); Office Gadgets (O.M. 74); Selection and Training of Office Workers (O.M. 75); Revitalizing Office Practice (O.M. 76); Office Expense Control (O.M. 77).

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IMPORTANCE ADDED TO FINANCIAL CONFERENCE BY BUSINESS CHANGES

Question Marks in Economic Outlook Stirring Keen Interest in Coming Meeting on Fiscal Problems

Because of unsettled conditions in the financial and business world and the troubled state of the political horizon, the coming AMA conference for financial executives has already aroused unusual interest in many quarters. The announcement which recently went forward, containing a general outline of the topics to be discussed, has already elicited many inquiries concerning the meeting. The conference will be held on Tuesday and Wednesday, December 14 and 15, at the Hotel Pennsylvania, New York City.

However, the factors which are arousing interest among those who plan to attend are at the same time keeping the Finance Conference Planning Committee "on its toes." The work of the Committee is under the able direction of Mr. Charles A. Tattersall, Secretary, Niagara Hudson Power Corporation, and Vice President of the AMA Finance Division.

Changes and revisions were necessitated in order to keep the conference timely, for the financial and political picture is changing rapidly. The special session of Congress is just one example of the many unpredictable factors which had to be taken into account.

Tuesday Morning, December 14

10:00 — Raising Capital Today. *Alexander Sachs, Lehman Brothers.* In view of governmental restrictions and the recently depressed securities market, this is one of the most important problems which confronts the financial executive today. Mr. Sachs will bring to the Conference the fruits of his long experience in all types of industrial financing.

10:45 — Corporate Financing Under SEC. *Harold H. Neff, Director of Systems and Forms, Securities and Exchange Commission.* The SEC has long been cognizant of the complex registration conditions faced by corporations wishing to comply with SEC regulations. Mr. Neff will outline the Commission's plans and policies regarding simplification.

Tuesday Afternoon, December 14

2:30 — Governmental Policies in Corporate Taxation: Enlightened business men today are interested not only in the immediate problems engendered by the incidence of taxation, but also in the broad theories in taxation policies. Though they have the selfish motive of keeping down their own fixed charges, they nevertheless realize that

the Government must collect a definite number of dollars each year—and that the additional social burdens being borne by the Government require increased taxation.

3:15 — A Year's Experience with the Undistributed Earnings Tax. *Dr. Willard Thorp, Dun & Bradstreet.* Dr. Thorp has recently completed a remarkable study on this subject for Dun & Bradstreet and is a recognized authority on the effects of this tax.

4:00 — The Capital Gains Tax. *Morris Tremaine, New York State Comptroller.* (Tentative speaker.)

Wednesday Morning, December 15

9:30 — Depreciation and Obsolescence. (a) *B. L. Wheeler, Ford, Bacon & Davis;* (b) *Horace Hill, Atlantic Refining Company.* Mr. Wheeler will discuss the broad management aspects of depreciation. He is eminently qualified because of his background as a governmental official as well as a member of a private firm which has been working on this problem for many companies. Mr. Hill will approach the subject in a more specific manner, from the point of view of his own long experience with the Atlantic Refining Company.

Wednesday Afternoon, December 15

2:00 — The Installment Credit Situation. (a) *Dr. Wilford White, Bureau of Foreign and Domestic Commerce;* (b) *Dudley Cates, Vice President, Commercial Investment Trust.* Installment financing has already reached the 1929 level. However, the average payment period has been steadily lengthened until it now ranges between 18 to 20 months, as against 12 months in 1929. There has also been considerable expansion in "no payment down" transactions. Dr. White is a financial and statistical one. Mr. Cates will pre-

Marketing Executives Attend Sessions at Hotel Pennsylvania

Sales Managers Discuss Current Selling Problems and Techniques

Members of the Marketing Division of the AMA, representing the leading sales organizations of the country, are meeting this week at the Association's Marketing Conference, which is being held at the Hotel Pennsylvania, New York City, on November 18 and 19.

The agenda of the conference indicates that such problems as training programs, incentive and compensation plans for salesmen, public relations, and sales cost controls are receiving close attention from sales managers. Many companies are making special studies of sales training and are seeking the most productive and efficient method of paying salesmen. It is generally held by speakers that recovery conditions necessitate adjustments in the compensation practices which were established during the depression.

Brown Speaking

The Association has invited Harry Boyd Brown, National Merchandising Manager of Philco Radio and Television Corporation, to present the first paper. He will discuss the question, "Is There a Science of Selling?"

Other speakers include Frank W. Lovejoy, Sales Executive of Socony-Vacuum Oil Company, who will address the luncheon meeting on Thursday; R. F. Lovett, Manager, Personnel Research Department of The Procter and Gamble Company; Frederick B. Heitkamp, Vice President, American Type Founders Sales Corporation; Edgar Kobak, Vice President, Lord & Thomas; A. W. Ramsdell, of Ramsdell & Haase, Division of Daniel Starch, Inc.; and H. G. Weaver, Director, Customer Research Staff, General Motors Corporation.

sent the point of view of large commercial investment houses.

3:30 — Boom or Depression? *Glenn Griswold, Vice President and Publisher, Business Week.* *Business Week* is one of the foremost business periodicals published today. Mr. Griswold is in a particularly advantageous position to give a broad, over-all picture of current trends and implications.

This digest covers the views of various authorities. It does not include any strictly confidential information nor specific advices from the sources.

BUSINESS CONDITIONS

Vol. 10, No. 11

Nov

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKMIRE, INC.
GENERAL OUTLOOK	The national income produced in the United States rose in September to a new high recovery peak of \$6,378,000,000; this represented, however, practically no change from the August figure (November 13).	Confidence for the next few months is likely to remain at low ebb; immediate tendencies are toward business curtailment; we expect that before the first quarter of 1938 is completed the basis for better business will have been laid (November 15).	Readjustment became more noticeable in the volume of business activity in October, which showed a substantial decline; with maladjustments being corrected, recovery forces and inflationary influences should generate renewed expansion (November 6).
MONEY AND CREDIT	While the 1937-38 federal budget figures reveal a deficit, the government's financial operations during the current year, provided they coincide with the budget estimate, will exert a deflationary influence on the general monetary situation (November 6).	The present position of the money market is distinctly optimistic; the exceedingly low rediscount rates charged by the Federal Reserve Banks should serve as an assurance that practically no deflationary dangers are ahead (November 8).	It appears that some form of inflation will "take"; that watch must be kept of the ultimate possibility of drastic or fear inflation, which would rapidly boost prices; that the government will probably encourage credit expansion (November 6).
SECURITY MARKETS	In the sharp recovery after the climax day last month and the subsequent reaction, the market is following a normal pattern; there is the suggestion both of a slowing of the downward movement and of a possible consolidation of prices within a trading range (November 11).	While the outlook is for some further setback in business, we consider that the stock market has discounted by far the greater part of any further recession; in our opinion the worst is over (November 15).	The indications are that prices of stocks, though subject to a recuperating process after the panicky decline, should trend upward; bond prices should tend to stabilize (November 6).
PRODUCTION	Total quantity of goods produced in September was slightly higher than in August; substantial increase in bituminous coal production from August to September more than offset a slight decrease in petroleum output (November 13).		The rate at which some industries have been curtailing output has been so rapid as to strengthen the probability that the readjustment will be short-lived; progress is apparently being made in reducing inventories in many directions (November 6).
DISTRIBUTION		There is every probability of some seasonal let-down in retail trade in the first few weeks of the new year; following this temporary lull we expect to see renewed gain in the volume of retail sales; luxury lines, however, may meet resistance (November 15).	Retail trade for 1937 is estimated to exceed \$41,000,000,000—a gain of about 8% over 1936 to a level within 16.5% of the best ever attained (November 10).
BUILDING	A sharp slump in building contracts during September foreshadowed a further decline in manufacturing activity (November 13).	Contracts for residential building during September showed gains over the same month of 1936 in up-state New York, the Middle Atlantic and South-eastern states, and the New Orleans district (November 8).	The greatest immediate need in the building industry is reduced labor costs; moderate wage scales and fewer labor disputes would vastly stimulate new construction and restore prosperity to building workers (November 13).
AGRICULTURE	The \$9,000,000,000 farm income estimated for 1937 by the Department of Agriculture foreshadowed a rather sharp business recession, which is now materializing; the present outlook that farm income will not reach that figure is unfavorable (November 13).	The Babson Agricultural Price Index was off to 89.0 (est.) on October 29, compared with 109.1 a month ago and 129.3 last year; mainly responsible for this sharp drop was corn, which nose-dived under pressure of the large crop (November 8).	
COMMODITY PRICES		While bearish factors are uppermost at present, basic fundamentals affecting commodity prices remain bullish; we expect price declines to be followed by a resumption of the underlying upward trend (November 15).	The better tone appearing in basic commodity markets is of more than ordinary importance as a measure of business sentiment (November 13).
LABOR AND WAGES	Factory payrolls in September showed a contra-seasonal trend; the September index was 100.1 as compared with 103.8 in the previous month; in the past 18 years factory payrolls showed an average rise in September over August of 0.9% (November 6).	Weekly payrolls are still about \$55,000,000 greater than at the same time a year ago; employment and payrolls may hesitate for several months before resuming basic up-trend, in line with general industrial activity (November 8).	Extensive wage rises and agreements have not only increased labor costs, but also tended to make them less flexible; industries whose wage costs are relatively low enjoy proportionate advantages (November 6).
FOREIGN TRADE AND CONDITIONS	Reports emanating from London, Amsterdam, Zurich, and Paris are to the effect that the business outlook in the United States is not so bad as is generally believed, but that it is not wise to invest heavily in American securities (November 6).	Foreign commerce data are encouraging; informed sources agree that—unless Mussolini goes mad—there is no world war in sight; nothing can prevent the entire world going into further inflation (November 8).	On the favorable side of recent events is the improved international situation resulting from efforts to mediate the Sino-Japanese conflict (November 6).

CONDITIONS AND FORECASTS

Prepared Monthly by the AMERICAN MANAGEMENT ASSOCIATION

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November, 1937

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BUSINESS WEEK

Business still presents a pretty spotty picture; though the rate of decline in *Business Week's* index of general activity has been narrowing, developments in a number of key industries were of an unfavorable nature (November 13).

All sorts of loans of government money for the spurring of business activity will be made available; the President hasn't the slightest intention of changing the gold value of the dollar for a long time to come (November 13).

Plans for modifying the capital gains and undistributed profits taxes have encouraged the financial community; this, in itself, is constructive stock market news, and any reports of progress in tax revision will be gratefully received (November 13).

Steel mills curtailed operations to 41% of capacity, the lowest since July, 1935; motor plants have reduced their pace; shoe manufacturers drastically curtailed production in September and October (November 13).

Department store sales during October fell 1% below those of a year ago, partly because the month this year had one less business day; variety store sales increased considerably less than the usual seasonal amount (November 13).

Last month all types of construction declined only moderately from the September level, with new home-building showing only a fractional decline; but all major classes of work fell off from last year (November 13).

The Department of Agriculture's estimate of the United States cotton crop for 1937 is 18,243,000 bales, the highest on record; this new estimate of this year's crop once more throws crop control into the limelight (November 13).

Basic raw materials continued to display uncertainty, with buyers reluctant to place any substantial volume of business; however, developments in Washington have produced a generally more hopeful feeling (November 13).

Forecasting the results for the country, a report from the State of New York revealed an unseasonal decline in factory employment and payrolls during October (November 13).

The recession which became generally apparent in the United States in September is being felt now in almost every major country, though industrial activity in no other country has fallen off as drastically as in the United States (November 13).

DUN'S REVIEW

No signs of a slowing up in the industrial recession have appeared, although the tendency to bring production levels quickly in line with current demand is encouraging; trade activity decline continued in October in varying degrees (December).

Bank clearings, 22 U. S. cities, October, \$24,668,000,000, 2.5% above September, 4.6% below a year ago; Insolvency Index (Failures) (adjusted) October, 46.5 compared with 40.6 in September, 15.5% above a year ago (December).

The new issue market continued dormant; indications of a more conciliatory attitude toward business in Washington gave some support to stock prices, particularly utility shares, but the recovery in the second week of November only partly cancelled October losses (December).

A decided recession in activity continued in major branches of industry, bringing the index of production (October) below the previous year for the first time since May, 1935; the advance in automobile output was less than expected for the season (December).

Dun's Review Trade Barometer (consumer buying): U. S., September, 93.8; 2.6% below August; 6.2% above a year ago (1928-1932 equals 100, corrected for seasonal variations) (December).

October volume of building permits 0.02% less than a year ago; October, 1937 (215 cities) \$90,674,783, 4.6% above September, 1937 (December).

Dun & Bradstreet Wholesale Commodity Price Index: November 1, \$10.3478; 4.6% below October 1, \$10.8483; major decreases in livestock, provisions, hides and leather, and textiles (December).

A contra-seasonal drop in employment and further extension of shorter schedules carried payroll totals still lower; the index of factory payrolls for September was 100.1, the lowest since February (December).

Mainly due to large gains in exports of agricultural products in September, particularly cotton and tobacco, the net import balance for the first nine months of the year was reduced to \$48,000,000; this compares with \$33,000,000 in the same period of 1936 (December).

CLEVELAND TRUST COMPANY

This is not a new depression getting under way, but it is another serious decline in the recovery phase of the interminable old depression that has been with us since 1929; the materials for the construction of a real prosperity are here in abundance (November 15).

The imperative requisite for recovery is a renewed flow of corporate financing for expanding enterprise; the degree of that expansion will determine how much unemployment we shall have, and that is our most important problem (November 15).

It seems probable that most of the recent drastic decline in stock quotations was a reasonable and needed readjustment of prices rather than an unjustifiable liquidation of values; evidence indicates that stock prices have been too high (November 15).

The index of industrial production compiled by this bank showed that the volume of production was 10.7% below the computed normal level last January; the preliminary figure for October is 18.4% below normal (November 15).

We need much new construction, but building costs are too high to justify most contemplated projects (November 15).

About four and a quarter million factory workers were engaged in making durable goods in September, and that is not much below the number we should expect under normal conditions after full recovery from the depression (November 15).

The British recovery has been in some considerable degree a managed recovery, but it has not been so greatly subject as ours to short and violent interruptions resulting from artificial centralized controls (November 15).

NATIONAL CITY BANK

Business news has continued unfavorable during October; weakness in both stock and commodity markets and the downward trend in various industries, notably in steel mill operations, have created uncertainty even where business is good (November).

The money market has remained easy during the past month, and money rates have continued under pressure; with the recession of business now in progress, it is evident that basic factors are working toward continued monetary ease (November).

Many business men reject the theory that the stock market forecasts or even accurately reflects the business situation, and they consider Wall Street unwarrantedly pessimistic; however, the will to spend is diminished when the markets are uncertain (November).

According to preliminary figures, indexes of industrial production for October will show a substantial decline; textile and copper industries are curtailing; however, expanding automobile production affords hope that the steel decline has ended (November).

Retail trade has improved; preliminary indications are that store and mail order sales in October have run about 8% above last year; however, sales are being supplied in part from stocks, and buying from manufacturers is not in proportionate volume (November).

The decline in building activity in recent months is attributed in almost all sections to the rise in wage and material costs last spring; the building situation requires either lower costs or higher rents and values (November).

The drop in staple commodities has been as severe as the drop in the stock market; Moody's index of 15 commodities has fallen 22% since August, finally wiping out all the great advance of last winter and spring (November).

Though the cost of living index for September was 4.1% higher than a year ago, employed factory workers have had a greater increase than this in their money incomes, and their purchasing power to that extent has increased (November).

The latest reports of trade and industry in most foreign countries tell of sustained activity; some of our industries are receiving substantial support from export orders, which help to offset the drop in domestic business (November).